

# Credit Cards and You

**SUBMITTED BY:** WGYP Summer 2011 Instructor

**SUBJECT(S):** Personal Finance

**GRADE LEVEL(S):** 9, 10, 11, 12

## ≡ OVERVIEW:

In this lesson, students understand credit cards, credit scores and other credit-related matters to increase their financial literacy. They will read an excerpt from a Knowledge@Wharton article and another from a Wharton Global Youth Program article to think about why even high school students without credit need to understand the ramifications that a credit score can have on their lives. Students will work in small groups to think through some of these issues.

## ≡ NBEA STANDARD(S):

- Personal Finance, VII. Using Credit

## ≡ RELATED ARTICLES:

- [“Zina Kumok: ‘Getting My First Credit Card Was So Exciting’”](#)
- [“The Power of Plastic: What to Know about What You Owe”](#)
- [“Budgeting Basics: Spending Less than You Earn”](#)

## Common Core Standard(s):

- Reading Informational Text — RI.9 -10.1.; RI.9 -10.2.
- Speaking and Listening — SL.9 -10.1.AAQ.

**Purpose:**

- Students will be able to think about how their credit card history is tied to many different aspects of their adult life.
- Students will be able to explain what a credit score is.

**Knowledge@Wharton Article:** [“Teaching Kids about Money: Why It’s Not Just Fun and Games”](#)

**Other Resources/Materials:**

Internet

**Activity:***Introduction (5 mins)*

Have students read aloud a selected excerpt from the Wharton Global Youth Program article. The teacher can decide in advance which excerpts the students must read. The purpose of reading the article is to have a group discussion on the importance of financial literacy being an integral part of the high school curriculum. What kinds of financial literacy do they think should be taught in schools?

*General Discussion (10 mins)*

- Discuss some of the concerns they have about the importance of financial independence and how that’s linked to credit and debt. What do they feel they need to understand to be financially independent?
- The teacher should explain that credit is an essential part of many transactions in America such as buying/leasing a car, buying/renting a house or apartment, making any other major purchases, and even getting a job.
- If someone has bad credit, they will not be approved for any of these transactions or opportunities.
- Explain that credit history is a way to evaluate someone’s financial stability and whether or not someone is reliable.
- The teacher should explain how credit cards are usually the first payment option through which many young adults build a good credit history: by not putting too much on the card and making payments on time. Ask them if they have some questions about credit cards. Write these questions on the board.

### *Silent Reading (5 mins)*

Have the students read the Wharton Global Youth Program article. If not known, the teacher can try to find the answers to some of the questions asked by the students.

### *Small Group Work (10 mins)*

In groups, have students answer the following four questions based on the article:

1. What is dangerous about credit cards? Why does Kelsey Miller say she is happy not to have free use of the credit card?
2. How does one pay back the borrower? Is it just the amount or is there an added interest rate? How does that work?
3. What is a credit score? Why is this important?
4. What does it mean to co-sign?

### *Class Discussion (10 mins)*

As a class, discuss the answers to each question.

- Spend some time talking about the reasons why a credit score matters.
- Think about the reasons why people need to obtain a line of credit when purchasing cars, homes, education loans.
- What are the factors that go into approving a loan? (job, credit history, credit score, assets)
- Why are keeping credit low and paying off monthly bills and not racking up debt such important issues to think about now?

### *Closing Discussion (5 mins)*

What are some things the students can do in the next 2 years to not fall into the debt trap? Come up with 3 bullet point reasons for everyone to share with their families and friends. Answer any questions the students may still have.